

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 23444 01 OF 02 111839Z

53

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SS-15 L-03 H-02 NSC-05 AID-05

CEA-01 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00

CIEP-01 SP-02 STR-04 TRSE-00 LAB-04 SIL-01 SAM-01

OMB-01 AGR-05 TAR-01 PA-01 PRS-01 USIA-06 FTC-01 /100 W

----- 063622

R 111819Z SEP 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3015

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 23444

DEPT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EC, ECON

SUBJECT: WINE SITUATION IN FRANCE

REF: A) EC BRUSSELS 08043; B) PARIS A-366

SUMMARY: PRIME MINISTER CHIRAC AFTER 2-HOUR MEETING
WITH LEADERS FROM WINE PRODUCERS AS WELL AS MAJOR FARM
ORGANIZATIONS ANNOUNCED THAT GOF WILL ADOPT AN IMPORT
TAX OF ABOUT 15 PERCENT ON ITALIAN WINE IMPORTS. WHILE
FARM LEADERS BELIEVED TAX NOT HIGH ENOUGH, THEY WERE PLEASED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 23444 01 OF 02 111839Z

AT PERSONAL INTERVENTION OF CHIRAC AND PROMISES FOR CON-

TINUED ATTENTION TO PROBLEM. END SUMMARY

1. AFTER EC MINISTERS' COUNCIL OF SEPTEMBER 9, WHERE DISCUSSIONS FAILED TO PRODUCE ANY COMMON SOLUTION TO EASE THE FRENCH WINE SITUATION (REF A), FRENCH CABINET AS EXPECTED IN ITS MEETING OF SEPTEMBER 10, ADOPTED UNILATERAL MEASURES. PRIME MINISTER CHIRAC AND AGMINISTER BONNET PRESENTED AND DISCUSSED THESE MEASURES DURING A 2-HOUR MEETING ON SEPTEMBER 11 WITH WINE PRODUCER LEADERS AND NATIONAL FARM ORGANIZATION LEADERS.

2. AFTER THIS MEETING CHIRAC EXPLAINED TO JOURNALISTS THAT GOV FIRMLY INTENDS TO FIND SOLUTIONS TO CURRENT PROBLEMS. HE UNDERLINED FACT THAT FRENCH MEDITERRANEAN WINE PRODUCTION REPRESENTED UNIQUE WEALTH FOR FRANCE AND THAT MOST OF WINES PRODUCED IN THIS REGION WERE GOOD QUALITY WINES, WHICH COULD BE EXPORTED IN LARGER QUANTITIES. BUT HE EXPLAINED THAT DUE TO LIRA DEVALUATION THESE WINES NOW HAVE TO MEET AN UNFAIR COMPETITION, AND THAT THEIR PRICES HAVE NOT INCREASED AS PRODUCTION COSTS INCREASED. THUS CHIRAC STATED HE BELIEVES MOST OF CURRENT REQUESTS OF FRENCH MEDITERRANEAN WINE PRODUCERS ARE JUSTIFIED.

3. PRIME MINISTER THEN EXPLAINED THAT TO EASE CURRENT SITUATION, FRENCH GOVERNMENT WILL APPLY A SAFEGUARD MEASURE. A TAX OF 1.13 FF PER DEGREE HECTOLITER WILL BE APPLIED TO ALL ITALIAN WINE IMPORTS. TAX WILL BE EFFECTIVE IMMEDIATELY AND NO TIME LIMIT HAS BEEN FIXED FOR THE MOMENT. ACCORDING TO CHIRAC, THIS TAX DOES NOT COMPENSATE ENTIRELY EFFECTS OF DISTORTION, BUT IT WILL EASE THE SITUATION. ALSO PRIMINISTER DECLARED THAT THIS DECISION CONFORMS TO SPIRIT OF THE COMMUNITY. CHIRAC EXPLAINED THAT THIS MEASURE WAS NOT AN ATTACK AGAINST ITALY AND THAT HE WILL SOON HAVE OCCASION TO DISCUSS IT AT HIGH POLITICAL LEVEL WITH THE ITALIANS.

4. A 1.13 FF TAX MEANS AROUND 15 PERCENT TAX AD VALOREM FOR CHEAPEST WINE IMPORTED FROM ITALY, AS MINISTER BONNET RECENTLY DECLARED THAT THESE WINES WERE IMPORTED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 23444 01 OF 02 111839Z

AT AROUND 7.80 FF PER DEGREE HL. THIS TAX THUS MEANS A MINIMUM PRICE OF 8.93 FF PER DEGREE HL. FOR IMPORTED ITALIAN WINES.

5. ON THE LONGER TERM, CHIRAC EXPLAINED THAT CURRENT ORGANIZATION OF FRENCH WINE MARKET WAS UNSATISFACTORY AND THAT IT MUST BE CHANGED IN COMING MONTHS. AGMINISTER BONNET HAS BEEN DESIGNATED TO DISCUSS WITH FARM

LEADERS IN COMING 2 MONTHS THE ACTIONS TO BE TAKEN IN THIS AREA. THE AIMS OF THIS MARKET ORGANIZATION ACCORDING TO CHIRAC WILL BE TO PROVIDE WINE PRODUCERS A REVENUE GUARANTEE THAT THEY HAVE NOT HAD UP TO THIS TIME.

6. AFTER MEETING WINE PRODUCER LEADERS OF SOUTHERN FRANCE EXPRESSED THEIR SATISFACTION. THEY THINK THAT TAX IMPOSED ON ITALIAN WINES IS TOO LOW, BUT WHAT IS IMPORTANT IS THAT NOW THEIR PROBLEMS ARE RECOGNIZED AND DISCUSSED AT HIGHEST POLITICAL LEVELS. ALSO, IN THE LONG TERM LEADERS ARE PLEASED THAT CHIRAC RECOGNIZES THAT

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 23444 02 OF 02 111836Z

53

ACTION EUR-12

INFO OCT-01 ISO-00 IO-10 SS-15 L-03 H-02 NSC-05 AID-05

CEA-01 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00

CIEP-01 SP-02 STR-04 TRSE-00 LAB-04 SIL-01 SAM-01

OMB-01 AGR-05 TAR-01 PA-01 PRS-01 USIA-06 FTC-01 /100 W

----- 063608

R 111819Z SEP 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3016

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 23444

CURRENT MARKET ORGANIZATION IS INSUFFICIENT AND THAT THEY MUST HAVE A REVENUE GUARANTEE. APPARENTLY, AGMINISTER BONNET IN HIS COMING DISCUSSIONS WITH FARM LEADERS WILL TRY TO ESTABLISH A WINE OFFICE WHICH WILL REGULARIZE THE MARKET.

COMMENTS: APPARENTLY THE WINE PRODUCERS' REACTIONS TO THIS DECISION WILL BE GOOD EVEN THOUGH THEY THINK THE TAX TOO LOW. CHIRAC REFUSED TO DISCUSS POSSIBLE RETALIATION MEASURES ITALY MIGHT ADOPT ON FRENCH AG IMPORTS. IN 1974 FRANCE EXPORTED 6.3 BILLION FF OF AGRICULTURAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 23444 02 OF 02 111836Z

CULTURAL PRODUCTS TO ITALY, THE SECOND IN IMPORTANCE JUST BELOW GERMANY, WHILE ITALIAN EXPORTS TO FRANCE AMOUNTED TO ONLY 1.7 BILLION FF. APPARENTLY HE WILL NOW TRY TO CONVINCE ITALIAN POLITICAL AUTHORITIES THAT A SOLUTION CAN BE FOUND THROUGH THE ALLOCATION OF FINANCIAL AIDS TO ITALIAN WINE PRODUCERS TO STOCK THEIR WINE. IN ORDER TO DEDRAMATIZE THE SITUATION HE AVOIDED ANY DEROGATORY JUDGEMENTS ON ITALIAN POLICY.

ACCORDING TO CHIRAC THE MEASURES TAKEN BY FRANCE TO RE-ESTABLISH THE COMPETITIVE SITUATION BETWEEN ITALIAN AND FRENCH WINES HAVE BEEN AGREED TO BY EC MEMBERS EXCEPT ITALY, AND THEY CONFORM TO SPIRIT OF THE EC. BUT ON LONG TERM POLICY NO MENTION WAS MADE OF HOW THE REFORM OF FRENCH WINE MARKETING REGULATIONS TO BE ESTABLISHED IN THE 2 COMING MONTHS BY WORKING GROUP HEADED BY AGMINISTER BONNET COULD FIT WITH CURRENT EC REGULATIONS AND PARTICULARLY THE REVENUE GUARANTEE TO WINE PRODUCERS TO WHICH GERMAN AND COMMISSION OFFICIALS ARE OPPOSED. APPARENTLY IN THIS AREA TOO CHIRAC WILL NOW TRY TO SOLVE THE PROBLEM AT HIGH EC POLITICAL LEVELS.

CHIRAC'S FINE HAND IS AGAIN RECOGNIZABLE (REF B). THIS NEGOTIATION ON WINE PROBLEMS WITH FARMERS HAS BEEN MADE BY THE PRIME MINISTER WHO AS FORMER AGMINISTER IS STILL VERY SENSITIVE POLITICALLY TO FARMER PROBLEMS AND HE WANTS TO KEEP THE CONFIDENCE THAT FRENCH FARMERS HAVE IN HIM. ONCE AGAIN HE HAS SUCCEEDED, AND FARM LEADERS ARE HAPPY TO SEE HIM PERSONALLY TAKE CARE OF THEIR PROBLEMS. AS ONE WINE PRODUCER LEADER SAID ABOUT BRUSSELS DECISION : WE DIDN'T REALLY EXPECT ANYTHING. WHAT WE HAVE BEEN WAITING FOR IS WHAT CHIRAC WILL DO. CHIRAC ALSO EMPHASIZED THAT HE WILL CONTINUE TO WATCH CAREFULLY THE EVOLUTION OF THE WINE SITUATION AND WILL BE READY TO RECEIVE AGAIN THE WINE PRODUCERS IF THERE ARE STILL PROBLEMS IN THE COMING MONTHS.

RUSH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC TRENDS, MEETINGS, WINES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS23444
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750315-0445
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750962/aaaaccnn.tel
Line Count: 224
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 8043, 75 PARIS A-366
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2003 by BoyleJA>; APPROVED <22 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WINE SITUATION IN FRANCE
TAGS: EAGR, ECON, FR, EEC, (CHIRAC)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006